

Message Text

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PAGE 01 BAGHDA 00886 250738Z

21

ACTION COME-00

INFO OCT-01 EA-07 NEA-10 ISO-00 EB-07 TRSE-00 CIAE-00

INR-07 NSAE-00 /032 W

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R 230815Z AUG 75

FM USINT BAGHDAD

TO SECSTATE WASHDC 2289

INFO AMEMBASSY TOKYO

AMEMBASSY BEIRUT

LIMITED OFFICIAL USE BAGHDAD 886

E.O. 11652: N/A DECONTROL 12/31/77

TAGS: BTIO, IZ, JA

SUBJECT: FERTILIZER PLANT: KELLOGG VS. JAPAN, INC.

REFERENCES: A. TOKYO 11492 B. STATE 193956 (NOTAL)

1. KELLOGG REPS FROM LONDON AND STATES VISITED USINT AUGUST 16 AND 18 (BEFORE AND AFTER SESSIONS WITH MINISTRY OF INDUSTRY PROJECT OFFICERS). WERE INDEED APPRECIATIVE OF USG EFFORTS KELLOGG'S BEHALF (REF B).

2. REPS WERE QUITE BITTER ABOUT MITSUBISHI'S APPARENT SUCCESS. ONE CITED RUMOR OF NEW GOI-GOJ BILLION DOLLAR BILATERAL OIL FOR TECHNOLOGY AGREEMENT ALLEGEDLY SIGNED JULY 28 ON BASIS OF WHICH NOT ONLY FERTILIZER PROJECT BUT STEEL MILL AND LPG PROJECT ARE ALLEGEDLY TO BE GIVEN TO JAPANESE. (COMMENT: THERE HAS BEEN NO RPT NO PUBLICITY ABOUT SUCH A DEAL. I THINK KELLOGG REP HAS CONFUSED WITH AUGUST 1974 AGREEMENT CITED REF A.) KELLOGG REP ALSO SPOKE OF MASTERLY OVERALL GOJ STRATEGY FOR PENETRATION OF MIDDLE EAST MASTERMINDED BY JAPANESE MUSLIM EMPLOYEE OF MITSUBISHI IN BEIRUT NAMED KAI BUKI (PHONETIC).

3. CITING MITSUBISHI'S CUTTING OF ORIGINAL BID BY THREE HUNDRED MILLION DOLLARS, KELLOGG REPS SAID MITSUBISHI

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CANNOT POSSIBLY MAKE PROFIT ON PROJECT WHICH MAY REQUIRE

UP TO FIVE THOUSAND FOREIGN LABORERS OVER THREE YEAR
PERIOD. ASSUMED THIS WAS DESPERATE MEASURE TO KEEP
MITSUBISHI WHEELS GRINDING AT ANY COST.

4. REPS MADE NEW COUNTERPROPOSALS TO GOI WHICH MAY
HAVE EFFECT OF DELAYING SIGNING WITH MITSUBISHI BUT THEY
ADMITTED CONCESSIONS WERE ALMOST CERTAINLY NOT ENOUGH TO
TURN TIDE. KILLOUGH

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